

# **Dairy Labor Costs**

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**USDA Outlook Conference  
Arlington, VA**

**February 24, 2023**

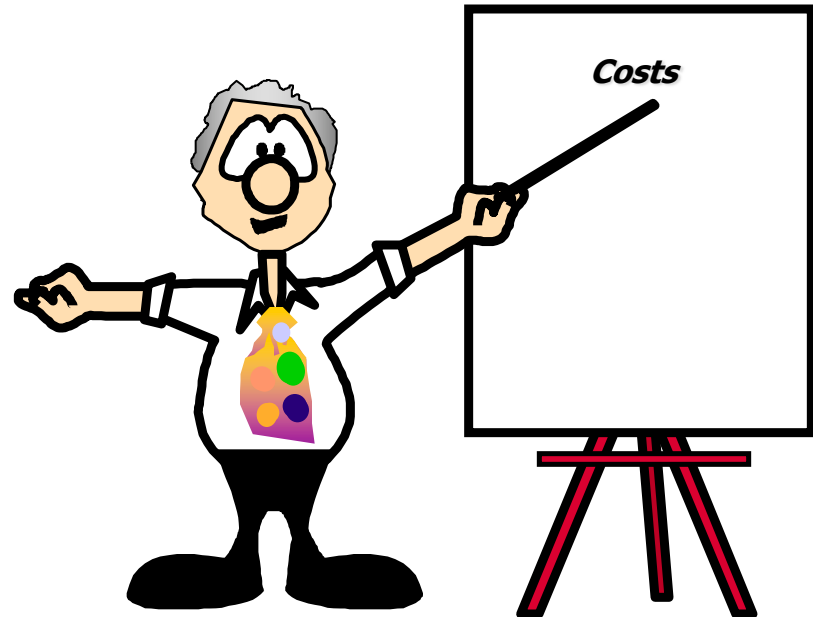
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Livestock and Food Products Marketing**

**TEXAS A&M  
AGRI LIFE  
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# Overview

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- Labor Market
- Labor Costs
- Efficiency Gains



# Labor Market

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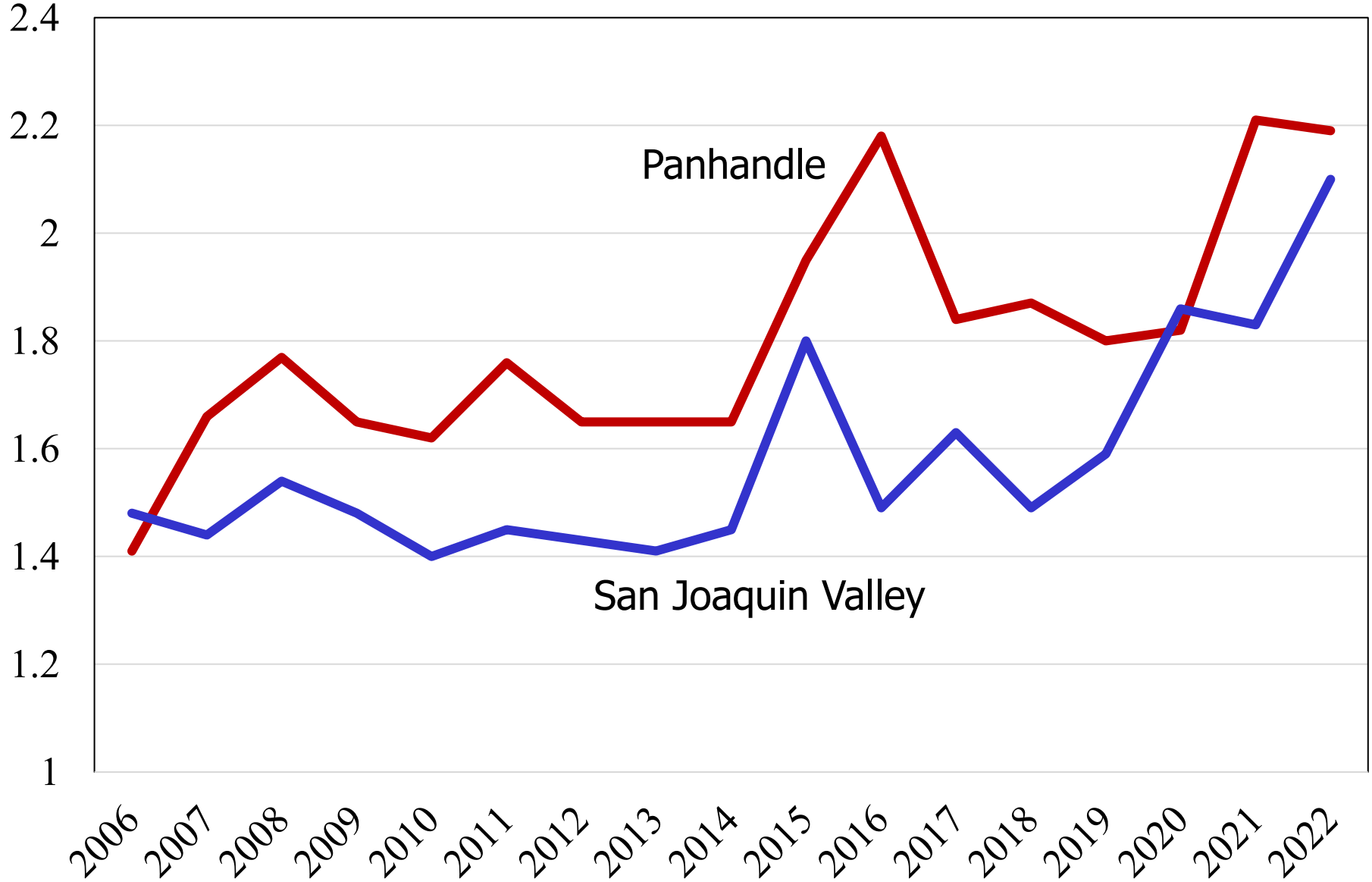
- Compete for Labor
  - Price
- Location
  - Dairy location vs people location
- Substituting Capital for Labor

# Labor Costs

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- Two Sources of Data
- Frazer, LLP
  - Accounting Reports
- Agriculture and Food Policy Center (AFPC)
  - Representative Dairy Farms

# Labor Costs per Cwt of Milk, \$/cwt



# AFPC Representative Dairy

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- Labor Costs per Cwt Range:
  - \$2.42/cwt to \$6.15/cwt
- Costs Represent:
  - Whole farm, not just those on the dairy side
  - Some farms may have significant crops
  - Raise calves, replacements or not
  - Total labor bill

# Efficiency Gains

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- AFPC Representative Dairy Farms
- Two Measures
  - Cows per employee
  - Milk production per employee
- Representative Farm Data Developed With Farmers in Major Production Areas of the Country

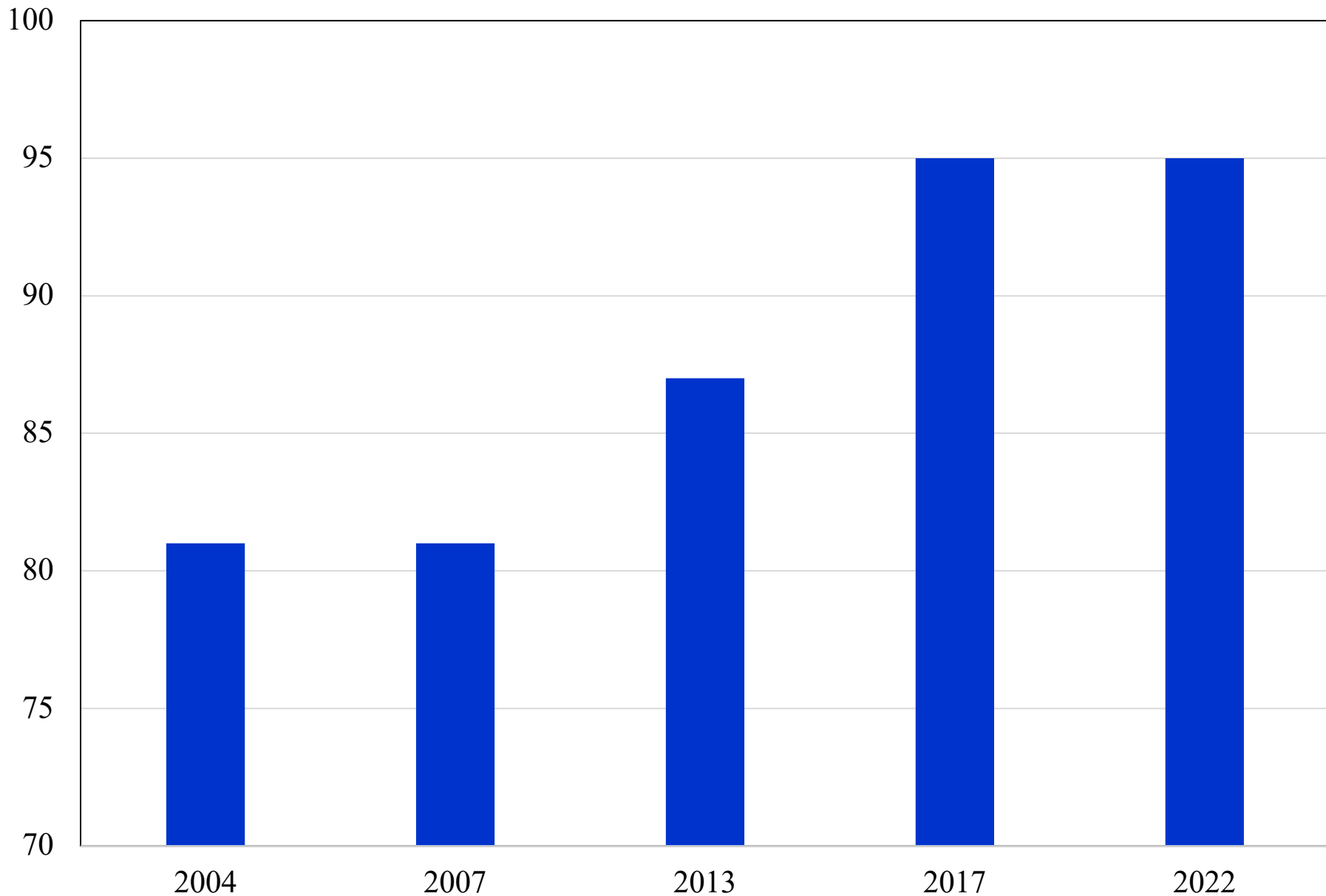
# Efficiency Measures

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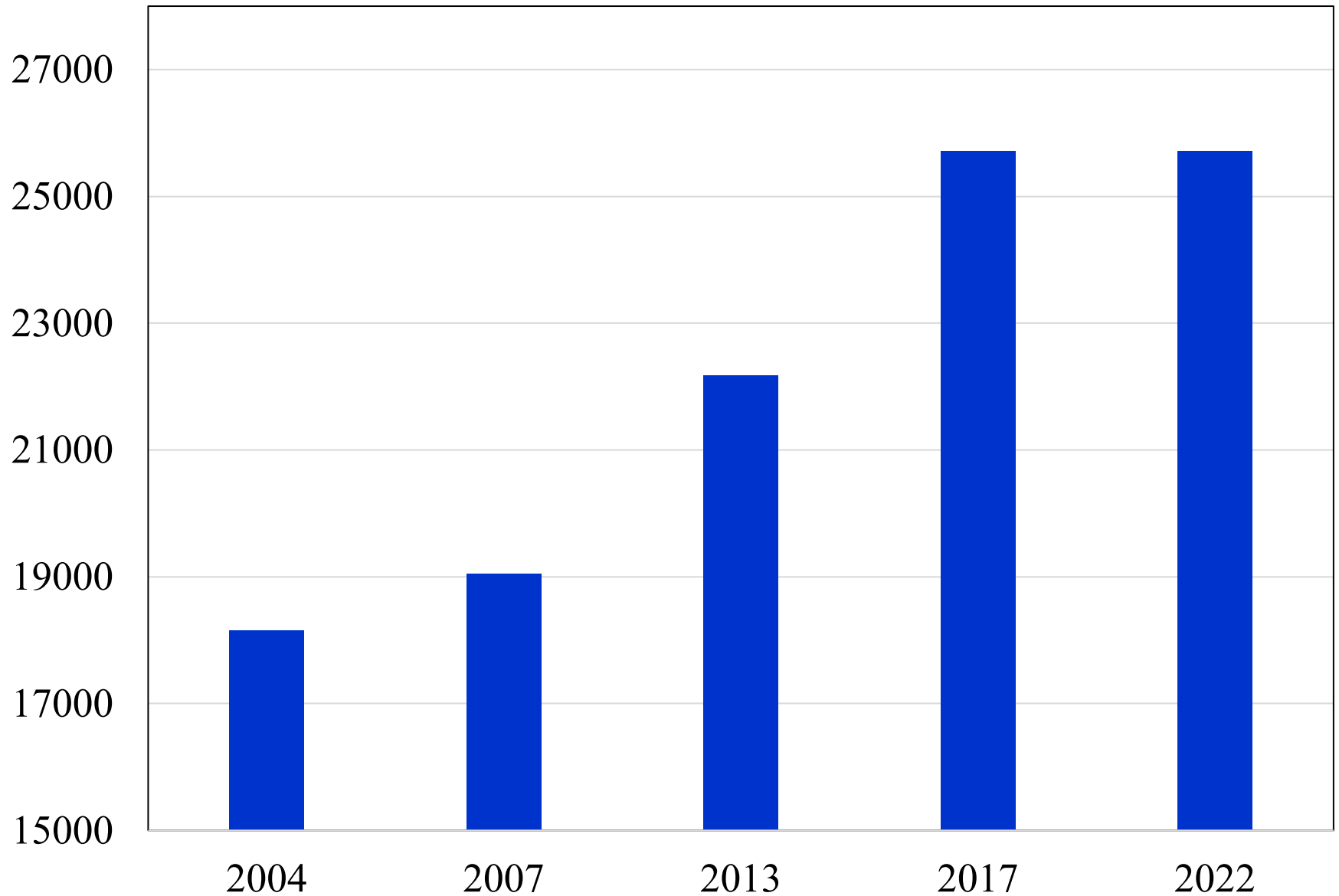
- Number of Cows per Employee
- CWT of Milk per Employee
- May Reflect:
  - Better efficiency, better use of labor, “right” size
  - Growth in number of cows
  - Increasing milk production per cow



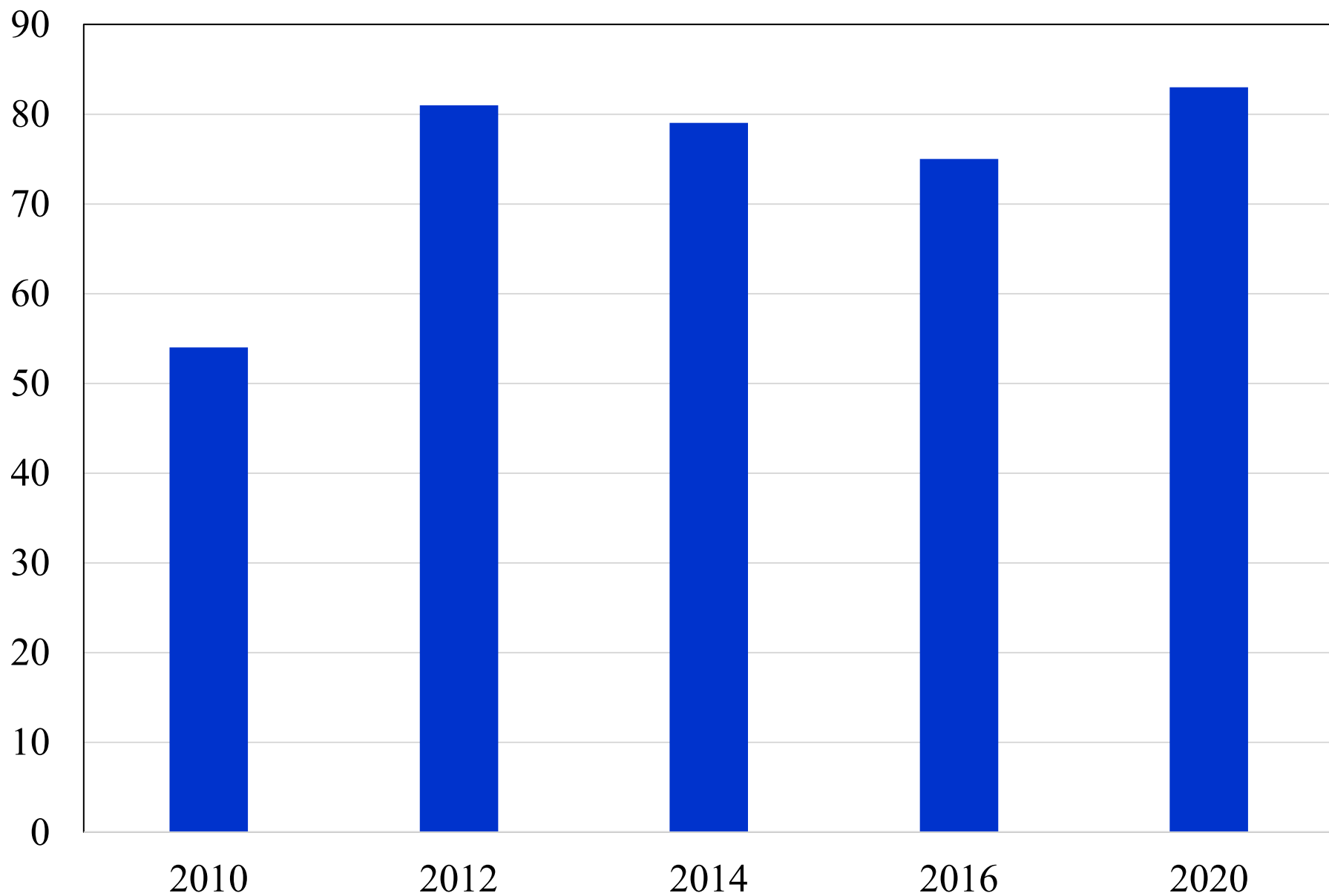
# Number of Cows Per Employee, California



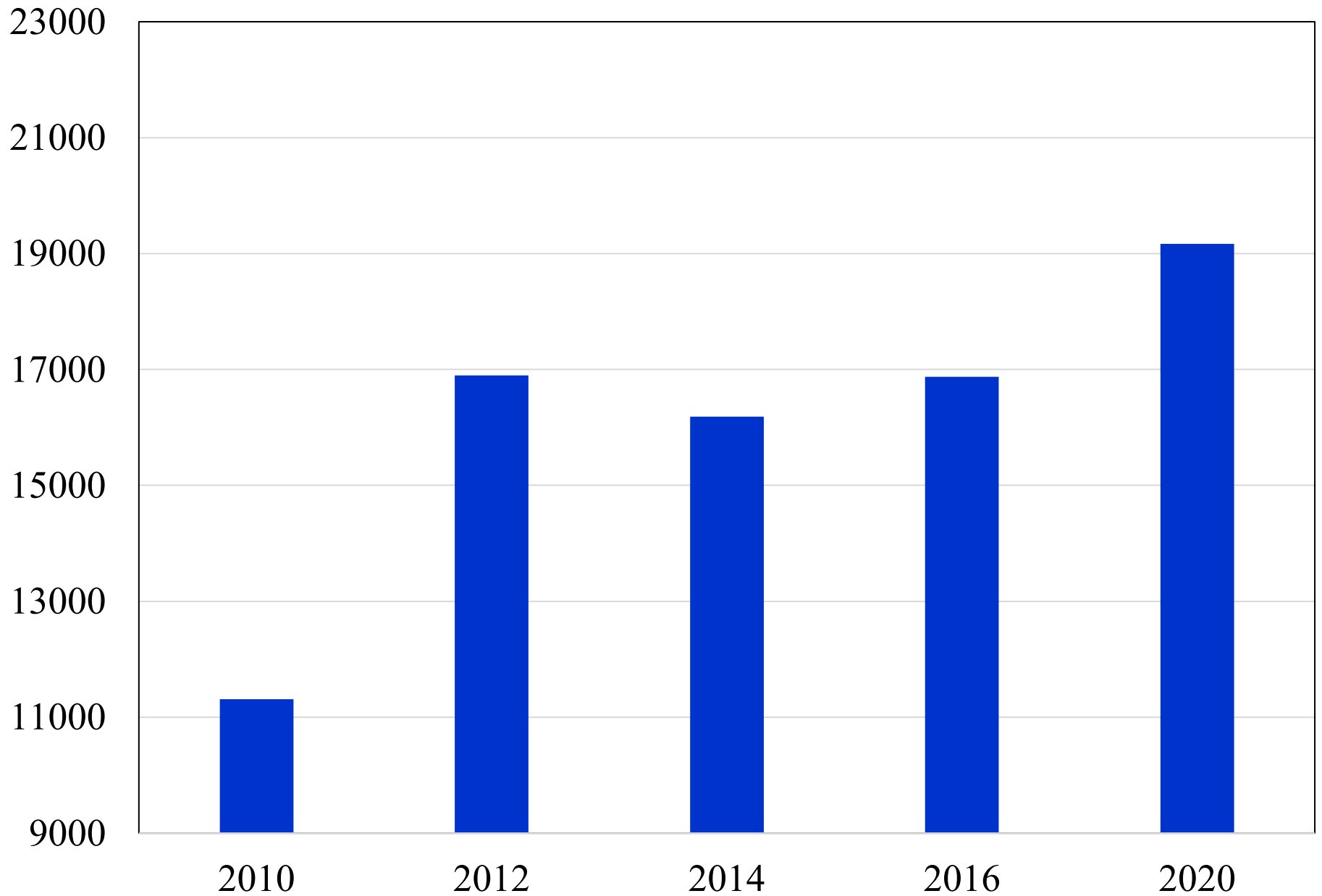
## CWT of Milk per Employee, California



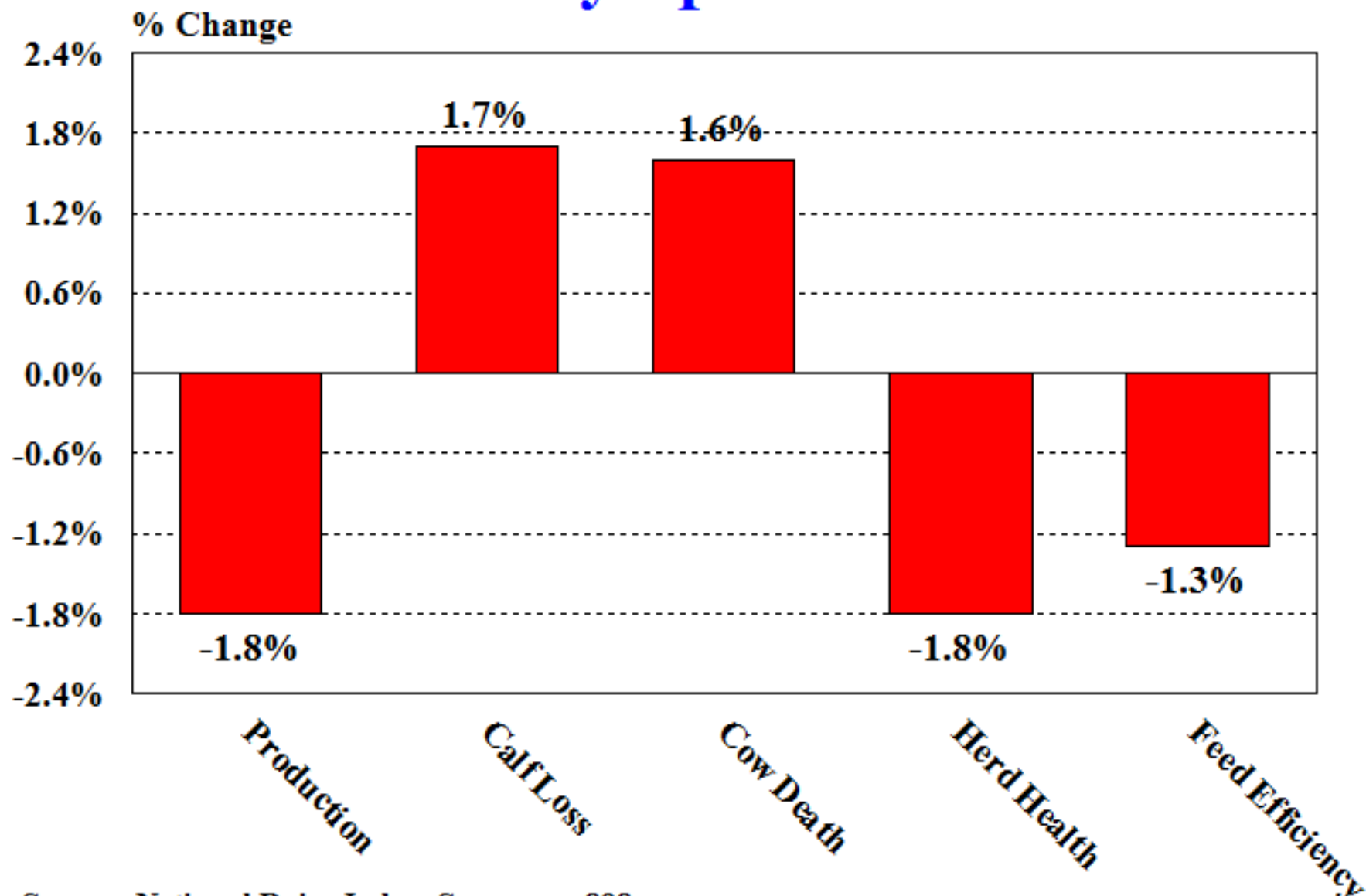
# Number of Cows Per Employee, Central Texas



# CWT of Milk per Employee, Central Texas



# Effects of Employee Turnover on Surveyed Dairy Operations



Source: National Dairy Labor Survey, n=898

# Keeping Employees

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- Efforts by Dairies to Keep People
- Packages of Benefits
- Training
- Build a Culture Where Employees are Valued and They Stay
- 2019 Survey Sponsored by NMPF conducted by TAMU

# FARM Workforce Development

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- 52.8 Percent Provide Housing
- 55 Percent Year-End Bonuses
- 45.5 Percent Quality/Health Bonuses
- 49 Percent Sense of Community
- 42 Percent Ongoing Job Performance Feedback
- 13.3 Hours of Training Per Year

# Concluding Thoughts

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- Struggle to Find Labor is Old Problem
- Increasing Labor Costs
- Hard to Find and Keep Labor
- Increasing Efficiency
- Implications for Farm Bill Safety Net Programs and Margin Insurance
  - Non-feed cost increases will impact effectiveness of programs